

Fiscal Estimate Narratives

DHFS 6/14/2005

LRB Number 05-1295/1	Introduction Number AB-451	Estimate Type Original
Subject Increase cigarette tax rate and use increased revenues for tobacco use control grants and medical assistance		

Assumptions Used in Arriving at Fiscal Estimate

AB 451 increases the cigarette tax rate by \$1, to \$1.77 per pack. The bill also increases the tax on chewing tobacco. Under this bill, the first \$15 million in revenue collected from cigarette taxes each year will be used to pay tobacco use control grants. In addition, the Department of Revenue is required to deposit an amount equal to the increased tax revenue on cigarettes and chewing tobacco, less the \$15 million, into the Medical Assistance Trust Fund.

Under this bill, the Department would receive \$15 million GPR for the tobacco use control grants program. According to a May 2005 estimate provided by the Legislative Fiscal Bureau, increasing the cigarette tax by the amounts specified in this bill will yield an additional \$300.4 million, not including the increase to the tax on chewing tobacco products, in SFY 07. This would imply that an estimated \$285.4 million would be deposited into the MA Trust Fund in SFY 07.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-1295/1		Introduction Number AB-451	
Subject			
Increase cigarette tax rate and use increased revenues for tobacco use control grants and medical assistance			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	15,000,000		
TOTAL State Costs by Category	\$15,000,000		\$
B. State Costs by Source of Funds			
GPR	15,000,000		
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$15,000,000		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S	285,400,000		
TOTAL State Revenues	\$300,400,000		\$
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$15,000,000		\$
NET CHANGE IN REVENUE	\$300,400,000		\$
Agency/Prepared By		Authorized Signature	Date
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